GRAIN TRANSPORTATION REPORT

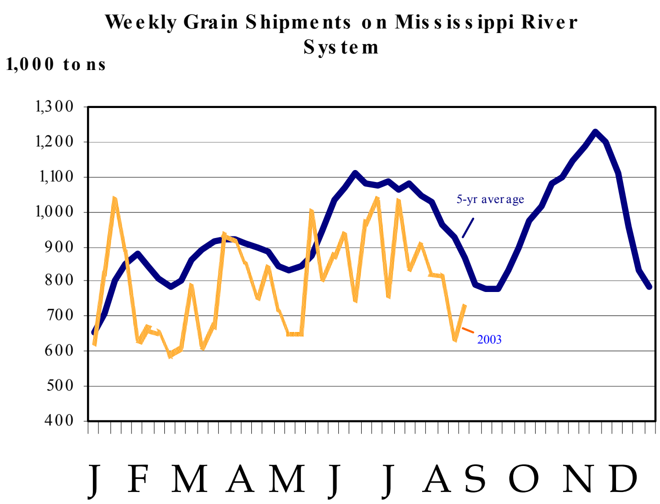
Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

SEPTEMBER 18, 2003

TM GRAIN TRANSPORT COST INDICATORS	Truck	Rail	Barge	Ocean: Gulf	Ocean: PNW
Indicator Value* for 09/18	99	140	138	154	143
Compared to Last Week	↓	↓	↑	↓	↑

*Indicator: Base Year 2000=100; Weekly Updates include Truck=Diesel; Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Ocean Vessel based on Routes to Japan

Mississippi River Barge Grain Volumes Down for Year. During 2003, weekly barge grain movements on the Mississippi River System (includes downbound grain on Mississippi, Ohio, and Arkansas Rivers) were below the 5-year average (see chart). As of the first week of September, total year-to-date grain volumes were 19 percent below this time last year. Second quarter 2003 weekly barge grain volumes decreased 12 percent as compared with the 5-year average and were 19 percent below last year's. As of the first week of September 2003, third quarter weekly volumes were off 15 percent as compared with the 5-year average. On the positive side, wheat shipments on the river are up 8 percent for the year.



Low water conditions throughout the year have disrupted barge movements with unexpected delays and stoppages of traffic. The river level in the St. Louis, MO, area has been especially impacted by sparse Midwest rainfall during August and by reduced flows from the Missouri River. Mid-September rains fell on the midsection of the country, resulting in daily increases in water levels at St. Louis. Adequate river levels will certainly be favorable for the barge industry for the upcoming peak months of October and November.

What if a Major Hurricane Were To Hit New Orleans? This week, Hurricane Isabel threatened half of the Atlantic Coast, which handles about 1 percent of the U.S. grain trade. The possibility of a hurricane event in the New Orleans, LA, area would have a much greater effect on the grain trade. Almost all of the grain barged from the Midwest is delivered to the New Orleans area where 60 percent of all U.S. grain exports are shipped to foreign countries. It would be difficult for New Orleans, with much of its land below sea level, to deal with flooding from a severe hurricane. Most of New Orleans' flood protection relies upon a system of levees to protect the city from floods coming down the Mississippi River. However, a major hurricane hitting the city could bypass the protection system and cause a major disruption of grain barge deliveries. The design of the original levees, which dates to the 1960s, was based on rudimentary storm modeling that may have underestimated the threat of a potential hurricane. The levees were designed to withstand a fast-moving category 3 hurricane. If a lingering category 3 storm—or a stronger category 4 or 5 storm—were to hit the city, much of New Orleans could be under more than 20 feet of water. (American Society of Civil Engineers' *Civil Engineering Magazine*, June 2003) Nick.Marathon@usda.gov.

Report is prepared by Deen Olowolayemo, Johnny Hill, Karl Hacker and Delmy Salin, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Support provided by Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments and questions to Surajudeen.Olowolayemo@usda.gov .

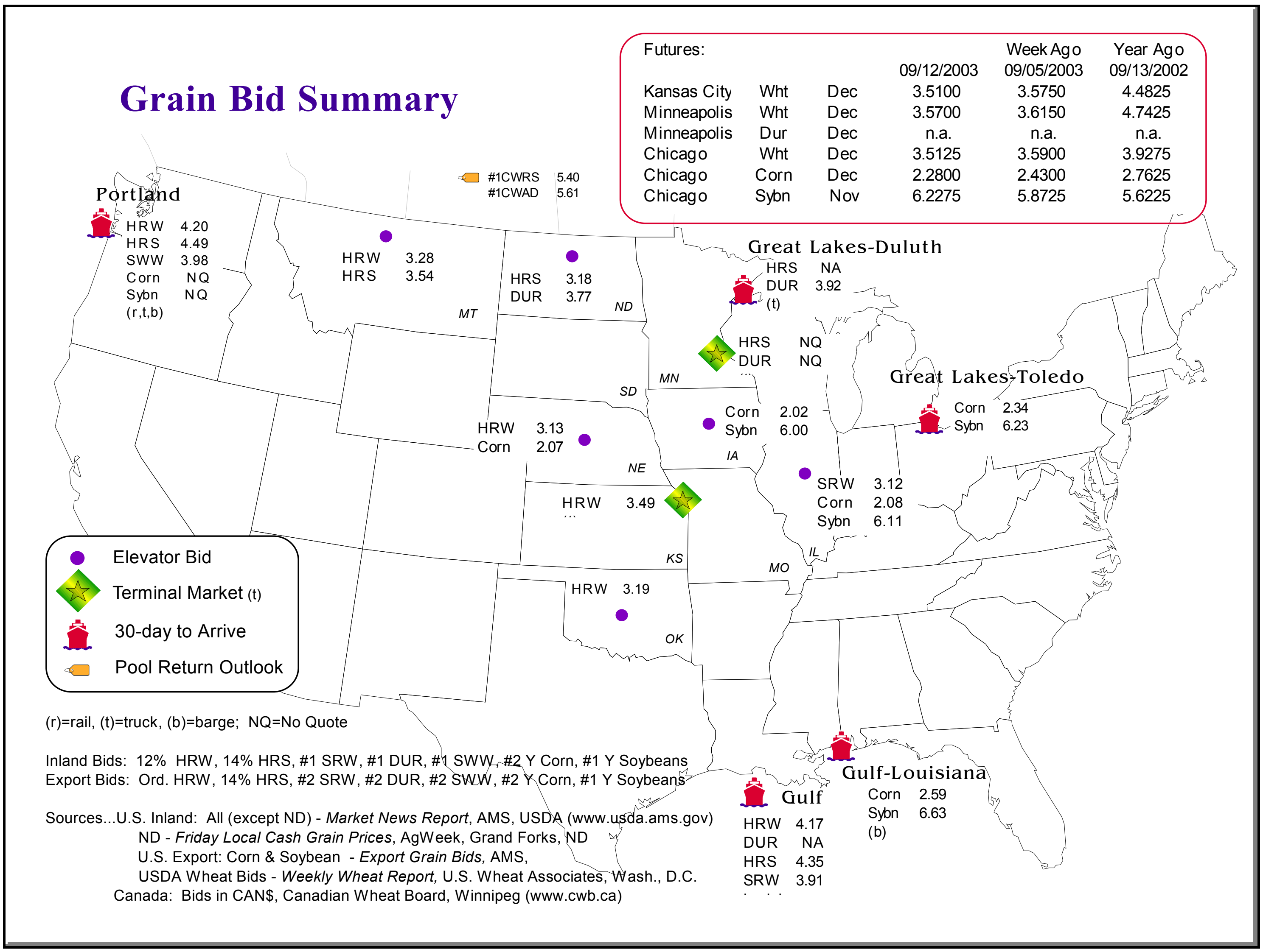
Contents

The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads (Per Bushel)

Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.51	-0.45
Corn	NE -- Gulf	-0.52	-0.50
Soybean	IA -- Gulf	-0.63	-0.51
HRW	KS -- Gulf	-0.68	-0.71
HRS	ND -- Portland	-1.31	-1.25

The **Grain Bid Summary** illustrates the market relationships for commodities. Positive and negative adjustments in differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.

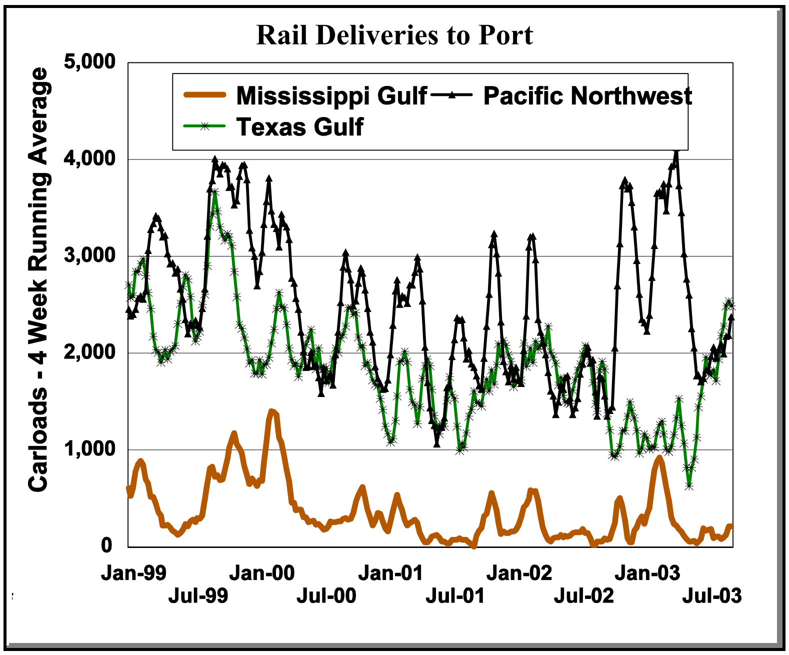


RAIL TRANSPORTATION

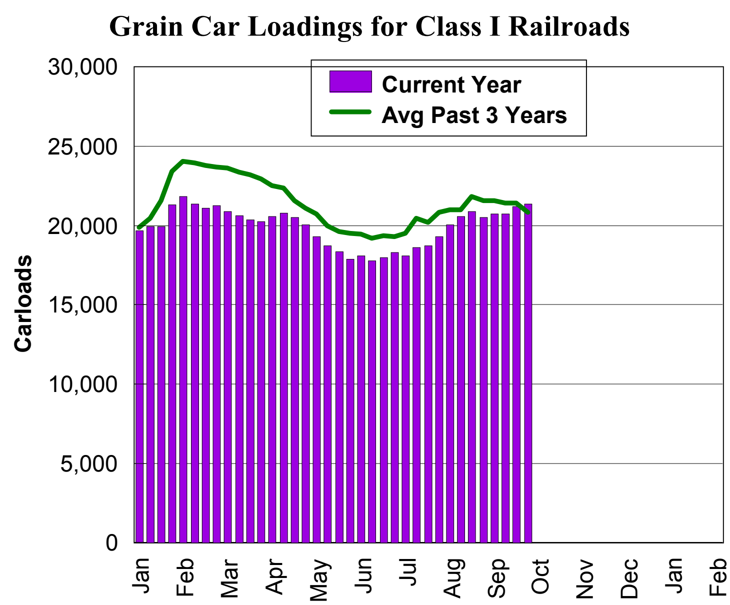
Rail Deliveries to Port (Carloads)

	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
09/03/03	209	2,731	2,307	189	5,436
09/10/03	480	2,487	2,495	100	5,562
YTD 2003	10,364	53,870	96,867	11,415	172,516
YTD 2002	7,323	67,473	69,477	15,317	159,590
% YTD 2002	142%	80%	139%	75%	108%
Total 2002	11,127	85,822	113,857	21,562	232,368
Total 2001	10,022	81,804	111,376	26,604	229,806

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.



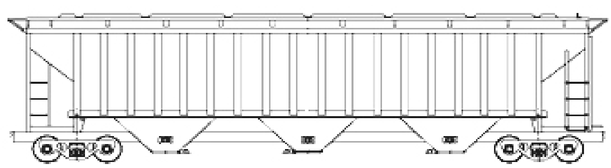
Class I Rail Carrier Grain Car Bulletin (Grain Carloads Originated and Grain Service Index)

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
09/06/03	1,758	2,592	9,146	624	6,424	20,544	3,587	3,857
This Week Last Year	1,686	2,601	6,137	544	6,341	17,309	3,134	3,057
2003 YTD	96,980	115,129	264,445	14,482	233,110	724,146	124,447	129,109
2002 YTD	97,306	111,653	264,645	19,320	238,399	731,323	140,561	130,799
% of Last Year	100%	103%	100%	75%	98%	99%	89%	99%
2002 Total	142,760	164,745	400,179	27,161	344,296	1,079,141	191,835	195,765

U.S. Rail Covered Hopper Cars Online Index*

Aug-03	94.1	99.8	94.9	97.9	94.4	95.4

Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online (available for Service).



Tariff Rail Rates for Unit Train Shipments

September 2003

Source: www.bnsf.com., approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu*

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
09/02/03	113710	Wheat	Kansas City, MO	Galveston, TX	$1,820	$20.06	$0.55
09/02/03	43521	Wheat	Minneapolis, MN	Portland, OR	$4,148	$45.72	$1.24
09/02/03	46540	Wheat	St. Louis, MO	Houston, TX	$1,945	$21.44	$0.58
09/02/03	113710	Wheat	Kansas City, MO	Laredo, TX	$2,280	$25.13	$0.68
09/02/03	15507	Wheat	Chicago, IL	Albany, NY	$1,834	$20.22	$0.55
09/02/03	31005	Corn	Minneapolis, MN	Portland, OR	$3,130	$34.50	$0.88
09/02/03	1132.002	Corn	Chicago, IL	Baton Rouge, LA	$2,736	$30.16	$0.77
09/02/03	1132.03	Corn	Council Bluffs, IA	Baton Rouge, LA	$2,170	$23.92	$0.61
09/02/03	113210	Corn	Evansville, IN	Raleigh, NC	$1,686	$18.58	$0.47
09/02/03	1132	Corn	Des Moines, IA	Laredo, TX	$2,864	$31.57	$0.80
09/02/03	61110	Soybean	Minneapolis, MN	Portland, OR	$3,110	$34.28	$0.93
09/02/03	1144	Soybeans	Chicago, IL	Baton Rouge, LA	$2,736	$30.16	$0.82
09/02/03	1144	Soybeans	Council Bluffs, IA	Baton Rouge, LA	$2,799	$30.85	$0.84
09/02/03	1144	Soybeans	Des Moines, IA	Laredo, TX	$2,864	$31.57	$0.86
09/02/03	11441	Soybeans	Evansville, IN	Raleigh, NC	$1,686	$18.58	$0.51

Secondary Rail Car Market

Average Premium/Discount to Tariff, $/Car - Last Week

	Delivery Period			
	Oct-03	Nov-03	Dec-03	Jan-04
BNSF-GF	$46	$22	$14	$12
UP-Pool	$42	$13	$11	$10

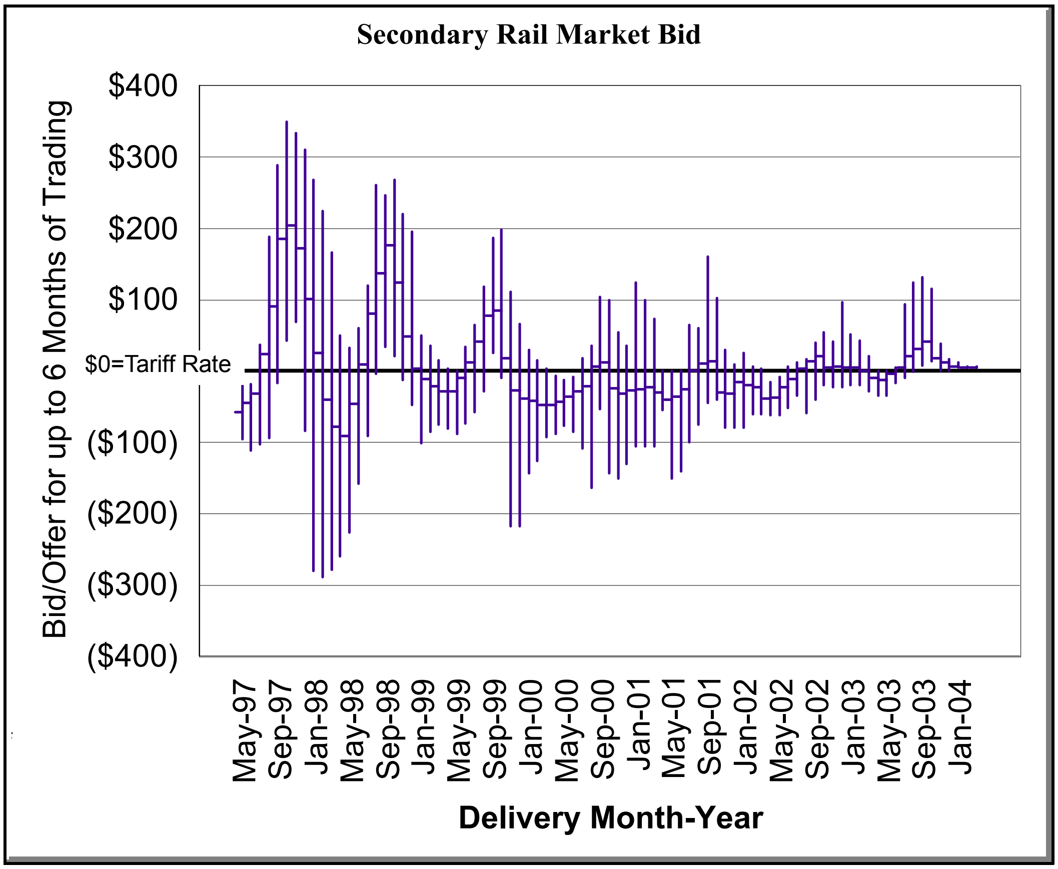
Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, $/Car - Last Auction

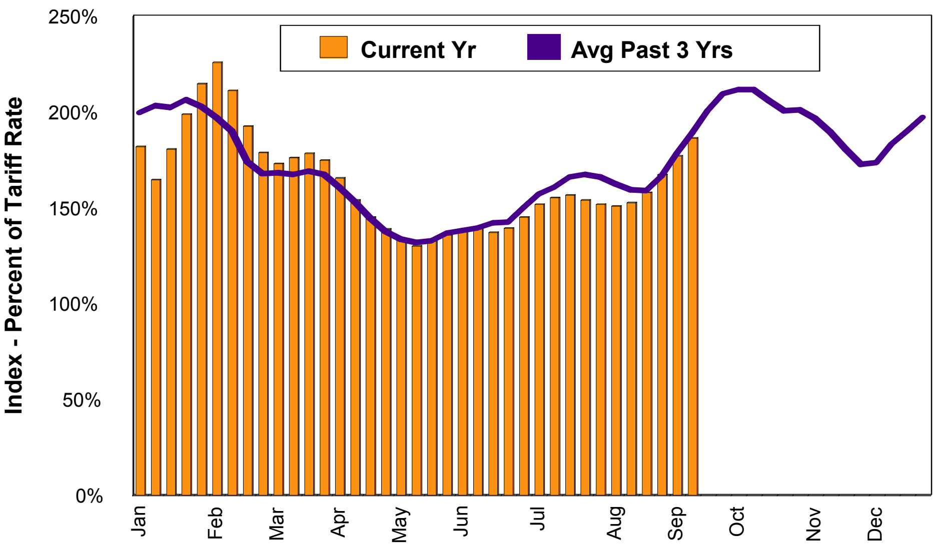
Delivery for:	Oct-03	Nov-03	Dec-03
COT/N. Grain	$1	no bid	$0
COT/S. Grain	no bid	$0	no bid
GCAS/Region 1	no bid	$1	$1
GCAS/Region 2	no bid	no bid	no bid

Source: Transportation & Marketing/AMS/USDA.
COT=Certificate of Transportation; GCAS=Grain Car Allocation System



BARGE TRANSPORTATION

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating **Barge Rate** Per Ton: Index × 1976 Tariff Benchmark Rate per Ton

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

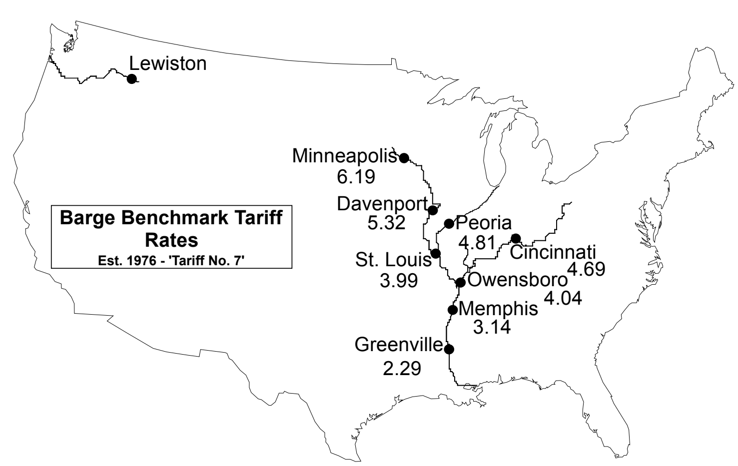
	9/10/03	9/3/03	Oct '03	Dec '03
Twin Cities	209	215	270	nq
Mid-Mississippi	204	207	255	nq
Illinois River	198	190	250	183
St. Louis	206	199	224	143
Lower Ohio	192	187	251	153
Cairo-Memphis	188	181	212	139

Source: Transportation & Marketing /AMS/USDA

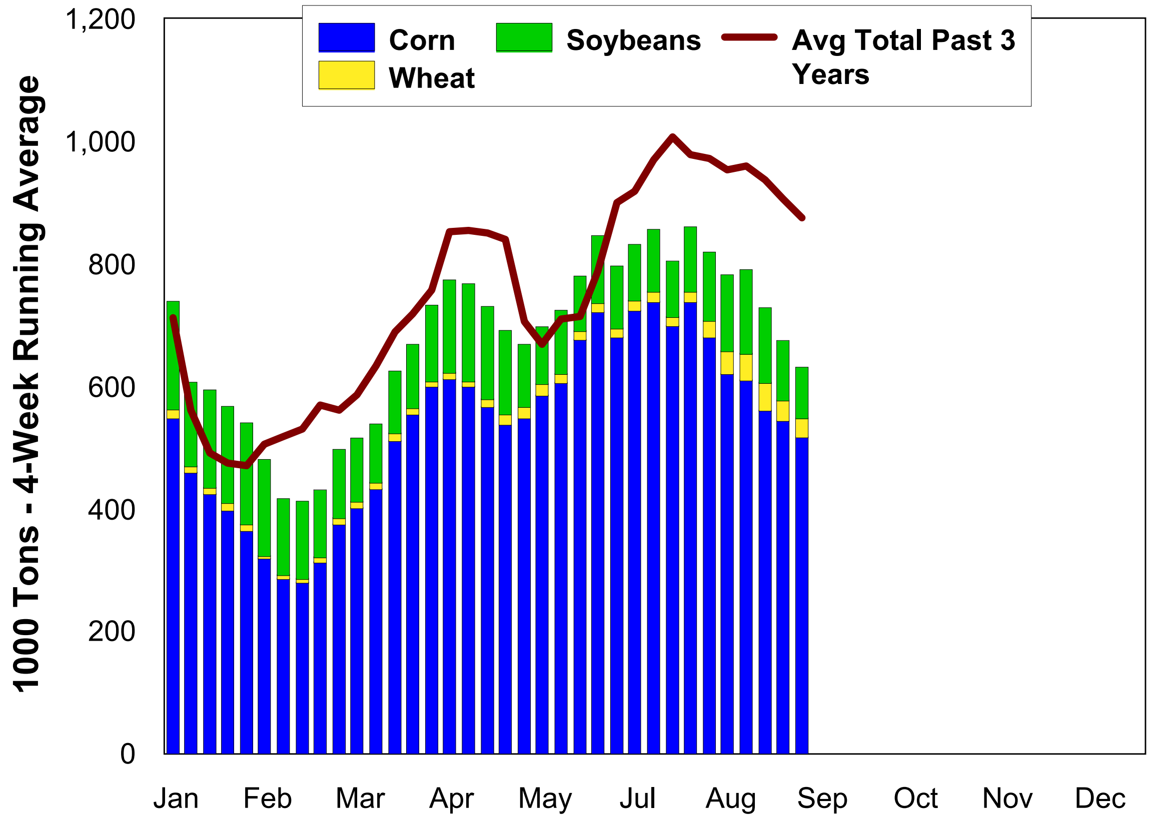
BARGE FUTURES MARKET
Southbound Barge Freight Nominal/Cash Basis Values
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate: Futures	Rate: Cash
9/16/03	St. Louis	Oct.	n/a	250
		Dec.	n/a	140
		Jan.	n/a	140
		Feb.	n/a	140
		Mar.	n/a	140
	Illinois River	Oct.	n/a	265
		Nov.	n/a	180
		Jan.	n/a	205
		Feb.	n/a	185
		Mar.	n/a	170

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



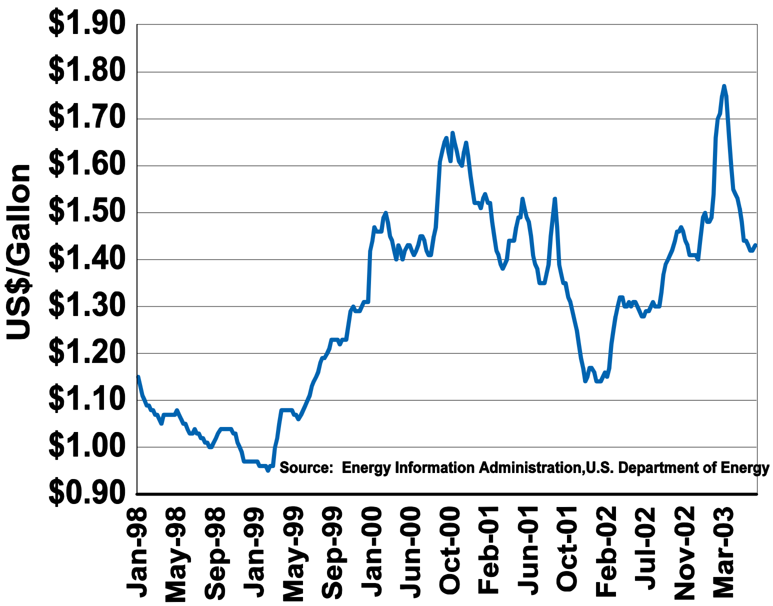
Barge Grain Movements (1,000 Tons)
for week ending 9/6/03

	Corn	Wht	Sybn	Total
Mississippi River				
Rock Island, IL (L15)	126	5	14	149
Winfield, MO (L25)	181	6	18	211
Alton, IL (L26)	284	11	28	330
Granite City, IL (L27)	312	116	30	469
Illinois River (L8)	79	6	9	94
Ohio River (L52)	8	45	8	66
Arkansas River (L1)	0	28	0	28
2003 YTD	20,225	1, 970	5,495	28,262
2002 YTD	24,879	1,826	7,020	34,850
% of 2002 YTD	81%	108%	78%	81%
Total 2001	31,878	2,679	10,616	47,091

Source: U.S. Army Corp of Engineers,
YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.

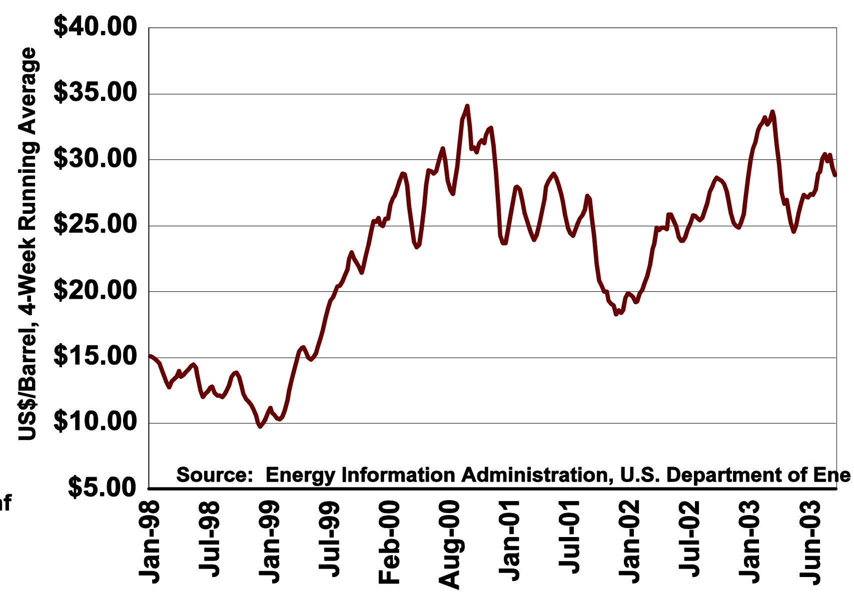
TRUCK TRANSPORTATION

Weekly U.S. Retail Road Diesel Price



The weekly **Diesel Price** provides a proxy for trends in U.S truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost. **Crude Oil Price** is an indicator in future diesel price trends.

Weekly Brent Crude Price, Friday Close



Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London.

Crude Oil Prices (09/09/03) US$ per Barrel	This Week	Last Week	
Light Sweet Crude (NYMEX)	27.49	28.98	↓
Brent Crude	24.43	27..52	↓

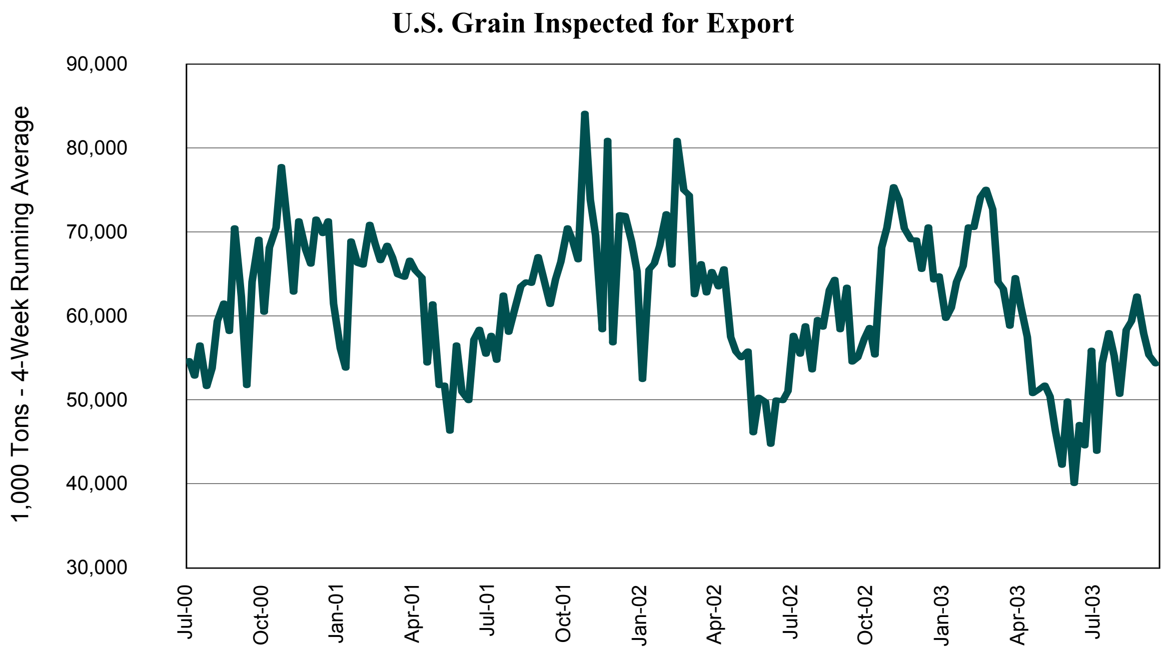
Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

GRAIN EXPORTS

U.S. Export Balances (1,000 Metric Tons)

	Wheat						Corn*	Soybean*	Total
	HRW	SRW	HRS	SWW	DUR	All			
09/04/2003	2,262	568	1,355	747	178	5,108	7,626	8,064	20,798
This Week Year Ago	1,250	328	1,187	560	90	3,415	6,206	5,802	15,423
Commulative Exports-Crop Year									
03/04 YTD	3,161	1,028	1,606	945	250	6,990	461	40	7,491
02/03 YTD	2,544	910	1,769	979	258	6,459	439	109	7,007
01/02 Total	8,761	5,485	5,582	3,175	1,133	24,135	48,003	29,926	102,064
00/01 Total	9,314	4,445	5,775	5,156	1,130	25,819	47,734	27,567	101,120
99/00 Total	10,629	4,195	5,590	4,055	984	25,453	48,760	26,972	101,185

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov)



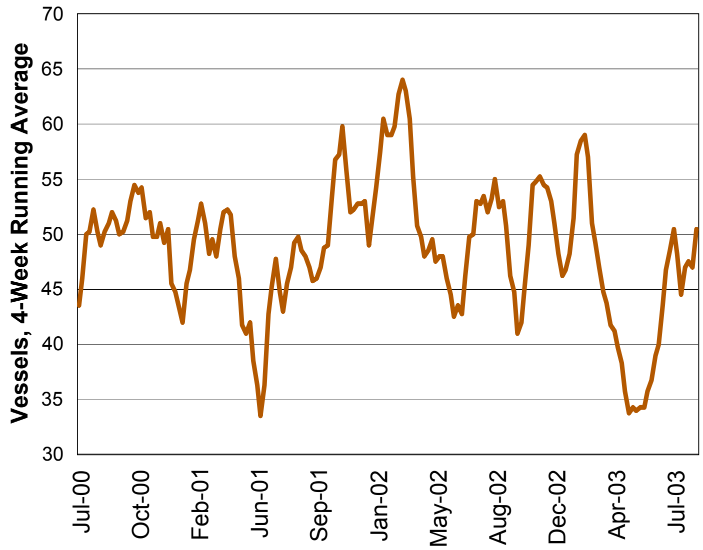
Select U.S. Port Regions - Grain Inspections for Export (1,000 Metric Tons)

	Pacific Region			Mississippi Gulf			Texas Gulf			Port Region Total		
	Wheat	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Pacific*	*Mississippi*	*Texas*
09/11/03	239	154	23	241	719	110	279	6	0	415	1,070	285
2003 YTD	5,940	3,735	2,775	4,011	19,945	10,890	4,377	542	56	12,450	34,846	4,976
2002 YTD	6,237	2,978	1,451	4,099	27,377	11,354	4,443	237	361	10,667	42,830	5,040
% of 2002 YTD	95%	125%	191%	98%	73%	96%	99%	229%	16%	117%	81%	99%
2002 Total	10,007	5,877	1,639	6,829	34,991	17,996	6,971	468	468	17,523	59,816	7,906

Source: Federal Grain Inspection Service YTD-Year-to-Date

The U.S. Exports Approximately One-Quarter of the Grain it Produces. On average, it includes nearly 45% of U.S. grown wheat, 35% of U.S. grown soybeans, and 20% of the U.S. grown corn.
Over 60% of these U.S. export grain shipments departed through Louisiana Gulf region in 2002.

Gulf Port Region Grain Vessel Loading
Past 7 Days



Port Region Ocean Grain Vessels

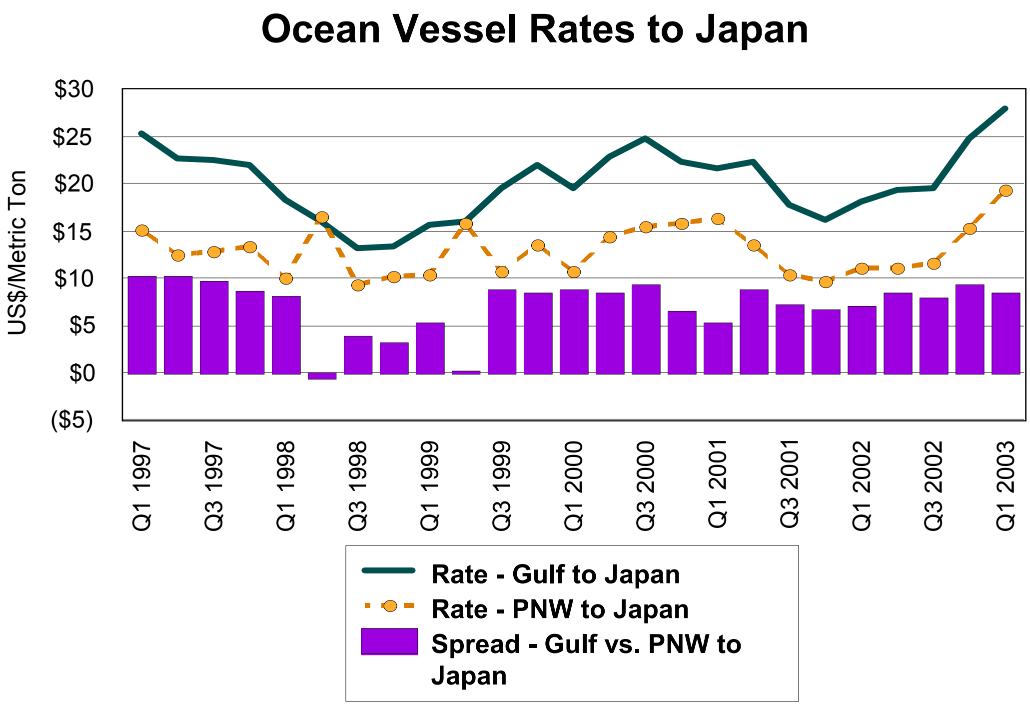
	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
09/04/03	31	45	68	12	8
09/11/03	37	50	58	13	6
2002 Range	(15..55)	(33..66)	(44..82)	(3..15)	(0..12)
2002 Avg	35	51	65	8	5

Source: Transportation & Marketing /AMS/ USDA

Quarterly Ocean Freight Rates
Average Rates & Percentage Changes, U.S. Dollars/Metric Ton

	2003 2nd Qtr	2002 2nd Qtr	% Change		2003 2nd Qtr	2002 2nd Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$31.53	$19.43	62%	Japan	$19.33	$11.03	75%
Mexico	-	$46.92	-				
N. Europe	$18.98	$13.58	40%	**Argentina/Brazil to**			
N. Africa	$21.75	$15.84	37%	Med. Sea	$24.50	$16.98	44%
Med. Sea	$21.88	$12.62	73%	N. Europe	-	$17.16	-
				China	$32.50	-	-

Source: Transportation & Marketing/AMS/USDA



Ocean Freight Rates for Selected Shipments - week ending 09/13/03

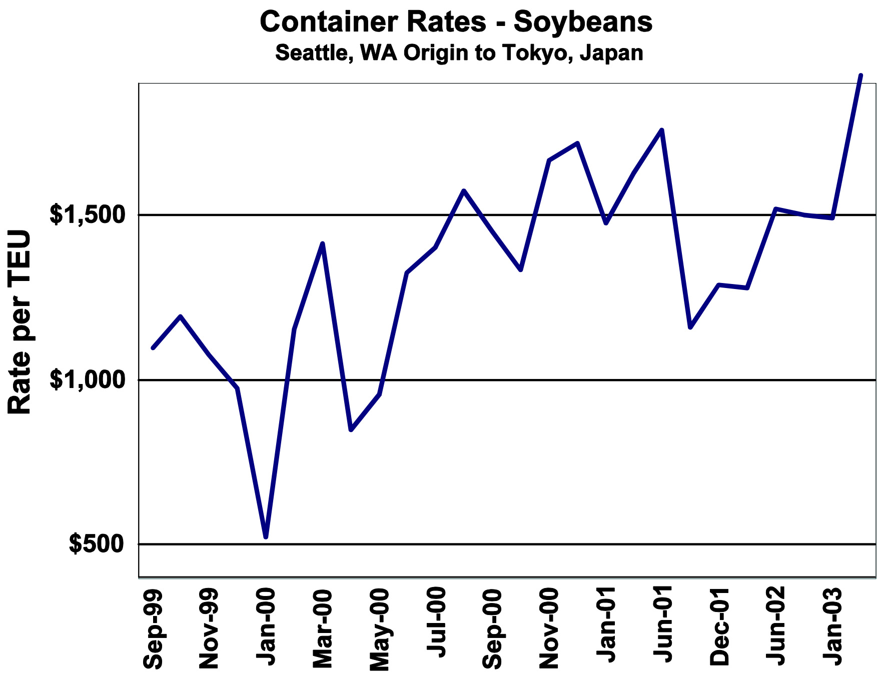
Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
U.S. Gulf	Corinto, Nicaragua	Wheat	Sep 12/22	16,980	$34.85
U.S. Gulf	Algeria	Hvy Grain	Sep 16/22	21,000	$26.50
U.S. Gulf	Japan	Hvy Grain	Oct 1/10	54,000	$34.20
U.S. Gulf	Japan	Hvy Grain	Sept 15/25	54,000	$34.00
U.S. Gulf	Japan	Hvy Grain	Oct 7/21	54,000	$34.00
Vancouver	Bin Qasim, Pakistan	Hvy Grain	Sept 20/30	52,000	$30.70

Source: Maritime Research Inc.
Rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

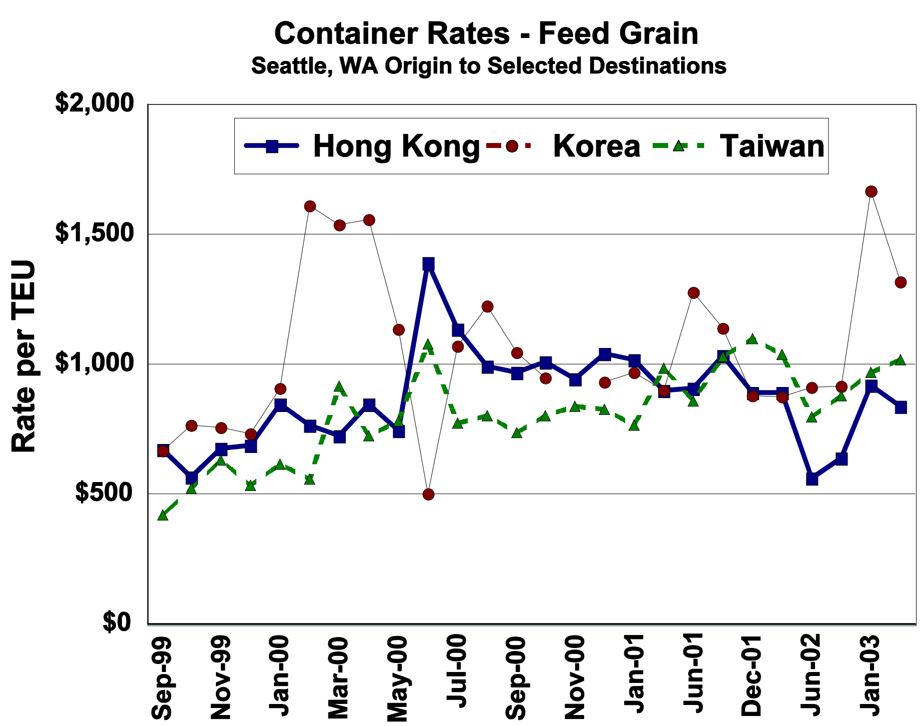
CONTAINER

Container Ocean Freight Rates

Average Rate per TEU, Weighed by Shipping Line Market Share
Source: Transportation & Marketing/AMS/USDA, Quarterly Updates



Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.



CANADIAN PORTS ACTIVITY

Select Canadian Port Export Inspections 1,000 Metric Tons, Week End Summary

06/19/2003	Wheat	Durum	Barley
Vancouver	105	5	
Prince Rupert			
Prairie Direct	5		
Thunder Bay	18		
St. Lawrence	4,492	2,329	290
2001/02 YTD	10,666	2,963	961
2002/03 YTD	4,620	2,334	290
% of Last Year	43%	79%	30%

Source: Canadian Grains Commission, Crop Year 8/1-7/31